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UNEMPLOYMENT COMPENSATION

COMMISSION OF MONTANA

Box 1728, Helena, Montana

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• Montana State Employment Service  
• Unemployment Insurance

FL-80

August, 1949

- Drouth Could Be Reflected in Declining Employment in the Trade and Service Industries in 1950.
- Surplus of Itinerant Labor Has Progressed from a Trickle to a Tide.
- Insured Unemployment Is Still More Than Twice as High as a Year Ago.
- Unemployment Will Be High This Winter.
- Benefit Payments from the State Trust Fund May Exceed Payments for Any Previous Year.
- Non-Farm Employment Is at an All Time High.
- The Number of Montana Employers Is Continuing to Increase.
- Demand for Workers Is High But Supply Is Even Higher—Turnover Has Declined Drastically.

### ECONOMIC HODGEPODGE

From the turmoil of seemingly contradictory economic happenings that has characterized the first two-thirds of 1949, no clear-cut picture congeals; but, out of the welter, there has arisen a series of independent developments that are certain to have an important bearing on the future economy of the state. Any attempt to draw these many factors together into a composite forecast at this time would be premature but the preponderance of evidence at this time appears to be massed on the optimistic side and the prospect of impending economic doom finds little support from the statistical data now at hand.

Most pessimistic is the occurrence of drouth after a decade of lush harvests—Drouth means a decline in purchasing power of Montana's rural population, that all-important segment of the Montana economy which, in recent years, has accounted for one out of every three dollars of personal income accruing to the residents of the state.

How sharp this decrease in agrarian purchasing power may prove to be is not yet measurable but that

there will be a decrease is apparent. Probability now is that it will be reflected in the trade and service industries of the affected areas which are dependent upon the day to day spendings of the populace.

Question is, will there be a sufficient reaction to bring about a downward revision of employment in these two major non-farm industries which, throughout the state, account for 70 per cent of all the employers covered under the Montana Unemployment Compensation Law and for a third of all the wage and salary workers employed in non-farm industries?

Most probable estimate at this time is that there will be a measurable decline over and above the normal seasonal decline which will become apparent in the early months of 1950 and that the employment decline will be reflected in increased payments from the Unemployment Compensation Trust Fund.

### OFFSETTING FACTORS

Trade and service industries are being bolstered by record high number of tourists but their total spendings may not equal total of recent years as they are not throw-

ing money around; Demand deposits in Montana banks indicate overall purchasing power is by no means weak; Retailers have reduced inventories during past 90 days and with the up-coming heavy buying seasons, preceding start of school and the Christmas Holidays, inventory problem may reverse itself in some retail areas; More non-farm workers are earning higher total wages and salaries than ever before in Montana, which means all-time high purchasing power from this quarter.

Other recent economic and labor market occurrences that have contributed to the current confusion on the business and industrial horizon include:

### LABOR SURPLUS

A surplus of itinerant workers that 60 days ago was trickling through the offices of the Montana State Employment Service is rapidly reaching flood stage in some areas and is threatening adverse repercussions. In addition to reflecting mounting unemployment in other areas, particularly on the Pacific Coast, this constantly growing flood of itinerants is posing a problem, particularly in the Flathead. Unfounded rumor, to the effect that work on the Hungry Horse Dam, near Columbia Falls, is plentiful has gained widespread circulation in other states and is creating a potential unemployment problem in the Kalispell area that will very probably this winter assume serious proportions.

Truth of the matter is that employment at Hungry Horse now approximates 1,900. Nearly half of this number was laid off temporarily last week because of high forest fire hazard—they will be re-hired when the hazard abates. There is no probability that this total will be substantially increased at any time during the remainder of 1949 or early 1950. There is, however, a certainty that this employment will be sharply reduced when winter hits. Concrete work is about to commence—it is a plain physical fact that concrete cannot be poured during the winter months in the mountains of northwestern Montana—therefore, it follows that when the weather clamps down there will be sharp and sudden mass unemployment that will last until the spring sun thaws out the woods.

Nothing but a miracle by the Weather Man can prevent this from happening and he seems to be running short on miracles these days. Therefore, every Montana citizen who does what he can to prevent migration of jobless workers to the Flathead will be doing something concrete toward alleviating a situation that has all the earmarks of developing into a personal tragedy for hundreds of wandering job seekers.

A similar situation, although, to date, on a smaller scale, is developing in the Helena area and again the cause is unfounded rumor concerning the possibilities of employment on the Canyon Ferry Dam. Truth is, that today, employment on the project is less than 200 and there is no probability that it will be appreciably increased during the remainder of 1949 or early 1950.

When winter settles down, current employment must be sharply reduced. Possibilities of work for immigrants is very close to zero. Yet, as many as 150 applicants, lured by rumor, have passed through the Helena office of the State Employment Service in a single July day.

### VETERANS' BENEFITS EXPIRE

The Veterans Readjustment Allowance program, with its attendant jobless benefits, expired for a majority of Montana's veterans at the start of August. The immediate result was a reduction in overall claimants for benefits. Approximately 400 veterans, who had been filing claims for jobless benefits appear to have been lost in the shuffle. However, since the shakeup came just as employment in the grain harvest was reaching its peak and at a time when nonagricultural employment was at the highest level in the history of the state, it appears that many of these veterans may have been absorbed at least temporarily by the business and agricultural structure.

Between the last week of July, when the Readjustment Allowance Act was still in operation and the middle of August, total insured unemployment dropped more than 500 but joblessness was still at more than 2½ times the level registered in the corresponding week a year ago—And the number seeking benefits from the Montana Trust Fund had more than tripled.

### INSURED UNEMPLOYMENT IN AUGUST MORE THAN DOUBLE A YEAR AGO

	1949	1948
Number of jobless persons seeking benefits from Montana Unemployment Compensation Trust Fund at the middle of August .....	2,238	657
Number of jobless persons seeking benefits from trust funds of other states at the middle of August	338	153
Number of jobless persons seeking benefits from Federal Veterans Funds at the middle of August....	153	282
Total number of unemployed Montana residents seeking jobless benefits at the middle of August .....	2,729	1,092

Most of the drop was among veterans who lost their entitlement with expiration of the act. However, improvement of non-ferrous metal prices appears to have exerted a stabilizing influence on the Butte labor market which has seen a heartening decrease in joblessness during the past 30 days. At the middle of August, the Butte area was still accounting for 30 per cent of all insured unemployment in the State.

Probability is that there will be no sharp increase in joblessness until mid-October, when the normal seasonal cycle of unemployment will set in. This seasonal joblessness commences about October 15 and rises gradually for two to three weeks. Then, around the first of December, it climbs sharply and continues upward, without any break, until late February or early March. Last



year, between October 15 and February 21, more than 11,000 jobless were added to the rolls of the insured unemployed in Montana.

## MORE UNEMPLOYMENT

There are many indications that last year's high of 12,000 will be exceeded during the coming winter. One reason is that the highly seasonal industries are employing more men than ever before and it is, therefore, probable that severe weather will force them to lay off more men than ever before.

There is a strong probability, particularly if the winter is severe, that the construction industry, which is now employing 12,000 men, will be forced to release half of this number by February 1.

Another large segment of the unemployed is certain to come from the wholesale and retail trade industries which annually show a sharp employment decline immediately following the Christmas holidays. Virtually all outdoor industries, which are forced to suspend or curtail operations annually, add to the total of seasonal joblessness.

This year, with more people eligible for jobless benefits from the State Unemployment Compensation Trust Fund than ever before, (because more people have worked and earned wage credits) it is probable that the number of claimants may reach a post-war high.

The fact that the Federal Government will no longer be carrying a sizeable share of the jobless benefit payments due to expiration of the VRA will add to the probability that benefit payments from the Montana fund during the coming winter may be higher than in any year since the Commission was created in 1937.

During the first six months of the current year, jobless benefit payments totaled \$2.9 million but of that amount the Federal Government absorbed \$1.2 million in payments to unemployed veterans.

### JULY JOBLESS BENEFIT PAYMENTS UP SHARPLY FROM A YEAR AGO

	1949	1948
Benefits paid to unemployed civilians from Montana Unemployment Trust Fund during July .....	\$144,450	\$ 48,654
Benefits paid to unemployed veterans from Federal Funds during July* .....	65,746	27,890
Total jobless benefits paid through Commission during July .....	\$210,196	\$ 76,544

\*These benefits expired for most Montana veterans on July 31, 1949.

## MONTANA FAVORED

While unemployment was uncomfortably high in many states last month, Montana was well up among the favored few. Figures compiled by the Bureau of Employment Security show that only 8 states had a lower per-

centage of their insured workers unemployed. No state east of the Mississippi could boast a lower percentage of insured unemployment than Montana.

### RATIO OF INSURED UNEMPLOYMENT TO THE AVERAGE NUMBER OF WORKERS INSURED AGAINST UNEMPLOYMENT IN SELECTED STATES IN JULY

North Dakota .. ..	0.7%	New York ..	7.6%
Nebraska .. ..	1.1%	Tennessee ..	8.5%
<b>MONTANA .. ..</b>	<b>2.2%</b>	California ..	9.8%
Oregon .. ..	3.3%	Massachusetts	10.6%
Washington .. ..	4.3%	Maine .....	11.3%
Michigan .. ..	5.1%	New Hampshire ..	12.6%
Illinois .. ..	6.8%	Rhode Island ..	22.1%

During the first week of July, unemployment on the national level, as estimated by the Department of Commerce, passed the 4,000,000 mark. At the same time, the Department placed non-farm employment throughout the United States just slightly in excess of 50 million, down nearly 2½ million from a year ago. The Bureau of Employment Security has determined a ratio of less than 7.0 per cent to be not critical.

## MORE EMPLOYMENT

In Montana the summer trend was in the opposite direction. As measured by the Bureau of Labor Statistics, working in conjunction with the Commission, non-farm employment reached a new all-time high—up a thousand from the previous high and up 2,600 from a year ago.

The Montana non-farm employment estimates for July showed:

### ESTIMATED NON-FARM EMPLOYMENT IN MONTANA IN JULY

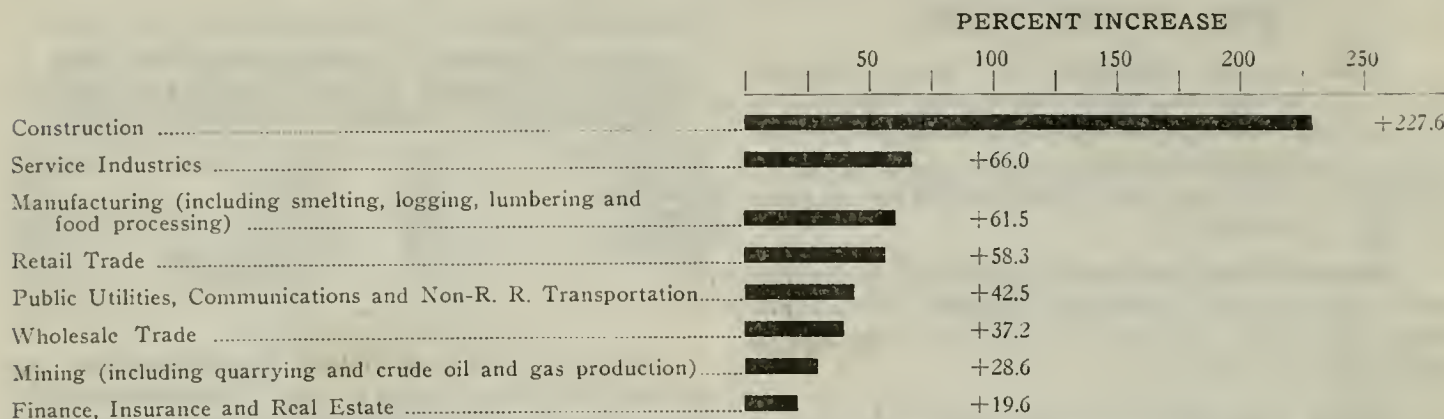
	1949	1948
Total Manufacturing .. ..	18,800	18,200
Mining .....	10,400	10,600
Construction .....	11,900	10,400
Transportation and Utilities ..	22,700	22,500
Wholesale and Retail Trade .....	33,500	33,900
Finance, Insurance and Real Estate ..	3,500	3,500
Service Industries .....	15,200	15,000
Government (National, State and Local) ..	28,000	27,300
Total Non-Farm Employment .....	144,000	141,400

## MORE EMPLOYERS

Today more Montana employers than ever before are reporting to the Commission that they are employing an ever increasing number of workers for wages and salaries and to date they have been meeting a payroll tax that, at this point, has all the earmarks of developing into the biggest total industrial and commercial payroll for any year in the history of the state.

An analysis of the reports submitted to the Commission by Montana's employers reveals that the upsurge of new business enterprises in the state has been an across-the-board increase with all major industries recording a gain.

# NUMBER OF BUSINESSES OPERATING IN MONTANA INCREASES SHARPLY DURING FIVE YEAR PERIOD FROM WARTIME LOW OF 1944 TO PRESENT



The five-year increase from the war-time low of 1944, as shown by the chart at the top of this page, is spectacular, but perhaps of greater significance is the fact that now, at a time when a note of pessimism has infiltrated much of the economic news emanating from the nation's industrial centers, the reports filed by Montana's employers indicate that in 1949 there are more employers in every major industrial classification than there were in banner 1948. The gains range all the way from a fractional increase of 6/10 of one per cent in the mining industry, which includes quarrying and oil and natural gas production, to a whopping 28.4 per cent in construction.

A classification, showing the number of employers in each major industry group as prepared for experience rating purposes at the start of the year, shows:

INDUSTRY	NUMBER OF EMPLOYERS
Retail and Wholesale Trade	5,976
Service Industries	2,984
Construction	1,117
Manufacturing	869
Finance, Insurance and Real Estate	788
Mining, including quarrying and oil and natural gas production	476
Public Utilities, Communications and Non-R. R. Transportation	463

Three of every four Montana employers last year reported payrolls of less than \$10,000, indicating that, in general, they employed from one to five persons. Only

250 (about 2 per cent of the total) had payrolls exceeding \$100,000. Total payroll for all covered industries was \$256,000,000—an all-time high.

During the month of July, the Commission placed 4,736 persons on jobs. This fell far short of the anticipated figure and is due largely to the fact that hundreds of farmers, who last year employed help, this year did their own combining, thus cutting the anticipated harvest employment. Scores of other farmers, whose crop was burned-out, entered the custom combine field in their own neighborhoods, thus cutting down the need for outside crews and combines.

Despite the fact that July placements were about 600 below the level of July a year ago, placements for the first seven months of the year are still well in excess of the total for the same period of 1948. To date this year, the Montana State Employment Service has filled 22,304 jobs for Montana employers.

The overall labor market situation appears to indicate a small, but healthy, increase in demand for workers—a sharp increase in the supply of workers available and a revolutionary decrease in turnover as workers realize that their own personal job opportunities have dwindled in the face of the sharply increased supply of job seekers and that competition for job openings is again a factor on the job market after an absence dating from Pearl Harbor.

## UNEMPLOYMENT COMPENSATION COMMISSION OF MONTANA

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Montana School of Mines  
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